



**SECURITIES AND EXCHANGE COMMISSION**

**[SEC File No. 270-027, OMB Control No. 3235-0035]**

**Proposed Collection; Comment Request; Extension: Rule 17a-13**

Upon Written Request, Copies Available From:

Securities and Exchange Commission

Office of FOIA Services

100 F Street, NE

Washington, DC 20549-2736

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (“PRA”) (44 U.S.C. 3501 et seq.), the Securities and Exchange Commission (“Commission”) is soliciting comments on the collection of information provided for in Rule 17a-13 (17 CFR 240.17a-13) under the Securities Exchange Act of 1934 (15 U.S.C. 78 et seq.) (“Exchange Act”). The Commission plans to submit this existing collection of information to the Office of Management and Budget (“OMB”) for extension and approval.

Rule 17a-13(b) (17 CFR 240.17a-13(b)) generally requires that at least once each calendar quarter, all registered brokers-dealers physically examine and count all securities held and account for all other securities not in their possession, but subject to the broker-dealer’s control or direction. Any discrepancies between the broker-dealer’s securities count and the firm’s records must be noted and, within seven days, the unaccounted for difference must be recorded in the firm’s records. Rule 17a-13(c) (17 CFR 240.17a-13(c)) provides that under specified conditions, the count, examination, and verification of the broker-dealer’s entire list of securities may be conducted on a cyclical basis rather than on a certain date. Although Rule 17a-13 does not require broker-dealers to file a report with the Commission, discrepancies between a broker-dealer’s records and the securities counts may be required to be reported, for example, as a loss on Form X-17a-5 (17 CFR

248.617), which must be filed with the Commission under Exchange Act Rule 17a-5 (17 CFR 240.17a-5). Rule 17a-13 exempts broker-dealers that limit their business to the sale and redemption of securities of registered investment companies and interests or participation in an insurance company separate account and those who solicit accounts for federally insured savings and loan associations, provided that such persons promptly transmit all funds and securities and hold no customer funds and securities. Rule 17a-13 also does not apply to certain broker-dealers required to register only because they effect transactions in securities futures products.

Rule 17a-13 requires the recording of only those differences in the broker-dealer's records that remain unresolved seven business days after the date of the examination, count, and verification. The Commission or the self-regulatory organization ("SRO") designated as the broker-dealer's examining authority may examine these recorded discrepancies in a broker-dealer's records to determine whether they are the result of the firm's inability to maintain control of its business.

The information obtained from Rule 17a-13 is used as an inventory control device to monitor a broker-dealer's ability to account for all securities held in transfer, in transit, pledged, loaned, borrowed, deposited, or otherwise subject to the firm's control or direction. Discrepancies between the securities counts and the broker-dealer's records alert the Commission and applicable SROs to those firms experiencing back-office operational issues.

As of August 2022, there were approximately 3,532 active broker-dealers registered with the Commission. However, given the variability in their businesses, it is difficult to quantify how many hours per year each broker-dealer spends complying with Rule 17a-13. As noted, Rule 17a-13 requires a broker-dealer to account for all securities in its possession or subject to its control or direction. Many broker-dealers hold few, if any, securities, while others hold large quantities. Therefore, the time burden of complying with Rule 17a-13 will depend on respondent-specific factors, including size, number of customers, and proprietary trading activity. The staff estimates that the average time spent per respondent is 100 hours per year on an ongoing basis to maintain the

records required under Rule 17a-13. This estimate takes into account the fact that more than half of the 3,532 respondents – according to financial reports filed with the Commission – may spend little or no time complying with Rule 17a-13, given that they do not do a public securities business or do not hold inventories of securities. For these reasons, the staff estimates that the total recordkeeping burden per year is approximately 353,200 hours (3,532 respondents x 100 hours/respondent)

The records required to be made by Rule 17a-13 are available only to Commission examination staff, state securities authorities, and applicable SROs. Subject to the provisions of the Freedom of Information Act, 5 U.S.C. 522, and the Commission's rules thereunder (17 CFR 200.80(b)(4)(iii)), the Commission does not generally publish or make available information contained in any reports, summaries, analyses, letters, or memoranda arising out of, in anticipation of, or in connection with an examination or inspection of the books and records of any person or any other investigation.

Written comments are invited on: (a) whether the proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information shall have practical utility; (b) the accuracy of the Commission's estimates of the burden of the proposed collection of information; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted by **[INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION OF THIS NOTICE IN THE FEDERAL REGISTER]**.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information under the PRA unless it displays a currently valid OMB control number.

Please direct your written comments to: David Bottom, Director/Chief Information Officer, Securities and Exchange Commission, c/o John Pezzullo, 100 F Street, NE, Washington, DC 20549, or send an e-mail to: [PRA\\_Mailbox@sec.gov](mailto:PRA_Mailbox@sec.gov).

Dated: August 16, 2022.

**Jill M. Peterson,**  
*Assistant Secretary.*

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